
OVERVIEW

The speculation and vacancy tax (SVT) was originally introduced in B.C. in 2018. SVT is an annual tax based on how owners use residential properties in areas in B.C. affected most by the current housing shortage crisis. The SVT has helped return vacant housing back into the market to be used as homes in core urban centres that, at the time of implementation, were experiencing near zero vacancy rates and housing prices that were disproportionately high compared to local incomes.

In order to bring the benefits of the SVT to more areas of B.C., the Provincial government recently announced the expansion of areas where the SVT applies and Duncan and other communities in the Cowichan Valley will now be included.

KEY FACTS

How does the speculation and vacancy tax work?

The SVT is designed to turn vacant homes into housing for people in British Columbia, and ensure foreign owners and those with primarily foreign income contribute fairly to B.C.'s tax system.

This tax is an annual tax that applies based on:

- How property owners use their residential property
- The property owner's residency status
- Where property owners earn and report their income

The revenue collected through the tax supports affordable housing in the areas where the tax applies.

Which communities have to pay the speculation and vacancy tax?

The following communities have been included in the SVT since 2018:

- Municipalities in the Capital Regional District
- Municipalities in the Metro Vancouver Regional District (except Lions Bay)
- City of Abbotsford
- District of Mission
- City of Chilliwack
- City of Kelowna
- City of West Kelowna
- City of Nanaimo
- District of Lantzville

Starting in the 2023 tax year, residential properties in communities below will be subject to the SVT:

- North Cowichan
- Duncan
- Ladysmith
- Lake Cowichan
- Lions Bay
- Squamish

How much is the speculation and vacancy tax?

The SVT rate varies depending on the owner's tax residency. In addition, the tax rate varies based on whether the owner is a Canadian citizen or permanent resident of Canada.

The tax rate is:

2% for foreign owners

0.5% for Canadian citizens or permanent residents of Canada

The SVT applies based on ownership as of December 31 each year. A speculation and vacancy tax year is the same as a calendar year. Tax for a calendar year is due the following July. For example, for a property where the owner owes taxes for 2023, the amounts will be due on July 2, 2024.

Will I have to pay the speculation and vacancy tax?

Over 99 percent of people in British Columbia are exempt from the speculation and vacancy tax. Generally, an owner is exempt from the tax if the home is their principal residence, or if the home is occupied by a tenant or family member. All registered owners of residential property in a designated taxable area must complete a declaration each year to declare their exemption from the tax. If you do not complete a declaration, you will need to pay the SVT.

Exemptions are also available for circumstances such as major home renovations, and life events such as divorce, hospitalization, or extended absence. For a complete list of exemptions see the Province of B.C. website at www.gov.bc.ca.

What will happen now?

Owners will receive a declaration letter and brochure in January 2024 that will explain how they can declare and claim an exemption for the SVT for the 2023 year. All residential property owners on title will need to declare by March 2024. That includes all family members on title, such as spouses. For example, if a parent and an adult child are both on title, both will have to complete a declaration, even if the adult child is not living in the home.

Each year, more than 90% of homeowners complete their SVT declaration online through a secure application that only takes a few minutes. People who do not own a computer or electronic device, or those who need additional support, can get help from a call centre agent who will help them declare over the phone.

If I am not exempt, how do I pay the tax?

The SVT is payable to the Province of B.C., not to the City of Duncan. It will not show on your property tax notice and is not collected by the City. If you are not exempt, you will receive a Notice of Assessment in the mail which will show the amount of SVT you owe. You can then pay the tax online using eTaxBC, through your financial institution, at certain government offices, or by mail.

WHO TO CONTACT

To speak with a B.C. Government agent about the SVT, phone 1-833-554-2323. Agents are available to take your call from 7:30 am to 5:00 pm Pacific Standard Time, Monday to Friday.
